Where is the EU wood market going?[1]

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SUMMARY

This presentation is based on the results of the recent European Forest Sector Outlook Study (EFSOS) and other work on outlook studies carried-out by FAO. It presents an overview of some of the main driving forces currently affecting forest products markets in Europe and describes how forest products markets may evolve over the next two decades. It then discusses how these changes might affect the European forestry sector.

Forest products markets in Europe are currently adapting to a number of changes in socio-economic, technological and policy variables. Western Europe is characterised by a relatively wealthy, aging population, while economies in Eastern Europe and CIS (i.e. former USSR) countries are growing rapidly in response to market reform and liberalisation. All over the World, forest products markets are also responding to the impact of globalisation and new technologies are affecting the way that forests are managed and the types of wood that they will produce. The forest processing sector is adapting to this by using new processing technologies and producing new types of product. The internet is also affecting the way that information is stored and disseminated, which may have an impact on the future markets for paper. Policies to encourage recycling, renewable energy and to take land out of agriculture are also expected to have an impact on forest products markets.

Over the next two decades, forest products markets in Europe are expected to continue to grow strongly, particularly in Eastern Europe and CIS countries. Strong competition from these countries in the traditional high-value markets for sawnwood and plywood is expected to continue. In Western Europe, the forest processing sector is expected to continue to use technology to make high-value products out of increasingly lower quality wood. Much of this wood will come from forest plantations and non-forest sources such as recycled paper and wood residues. Overall, it is expected that Europe as a whole will remain a net exporter of most forest products. Western Europe will remain a net importer of forest products and this demand will be satisfied by rapid growth in the forest sectors of East European and CIS countries. Although future economic developments in the Russian Federation are uncertain, it is expected that this country will play an increasing role in European forest products markets.

The impact of these changes on the way that forests are managed will depend on the physical and socio-economic characteristics of different countries. In places where trees grow fast, it is expected that forest management will move more towards and "agricultural" model of production, focusing on high inputs and the production of high yields of lower quality wood over relatively short rotations. In other places, low input silviculture may be the best strategy to minimise roundwood production costs. It is also likely that forest services will continue to increase in importance and forest managers are expected to develop ways to commercialise these outputs.

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